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ABSTRACT

This document reports testimony provided at a hearing on the progress made and challenges faced by the Veterans Benefits Administration (VBA) in implementing the Government Performance and Results Act of 1993. The Results Act was passed to require agencies to define their missions clearly, set goals, measure performance, and report on their accomplishments. The hearing focused on two VBA programs that accounted for about $1.3 billion of VBA's $20 billion fiscal year 1996 appropriation: vocational rehabilitation/counseling and educational assistance. According to the testimony, VBA has taken an important first step in implementing the Results Act, but the process is still evolving. To date, VBA has developed a strategic plan with a mission and goals and has begun consulting with Congress and other stakeholders to obtain their views on its plan. For the vocational rehabilitation and educational assistance programs, VBA has identified specific goals and measures that are primarily process oriented. VBA must strive to focus its strategic plan on results and not merely on the process used to administer the benefits. In addition, to achieve high quality service, VBA needs to integrate its strategic plan with Veterans' Affairs overall plan and with the plans of other key federal agencies. Later, VBA will also need to ensure that it effectively measures and assesses its performance to determine how well its programs are meeting the goals and to redirect efforts as needed. (KC)

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VETERANS BENEFITS ADMINISTRATION

Focusing on Results in Vocational Rehabilitation and Education Programs

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Veterans Benefits Administration: Focusing on Results in Vocational Rehabilitation and Education Programs

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to provide our views on the progress made and challenges faced by the Veterans Benefits Administration (VBA) in implementing the Government Performance and Results Act of 1993 (known as GPRA or the Results Act). Over the past several years, the Congress has taken steps to fundamentally change the way federal agencies go about their work, in response to management problems so common among federal agencies that they demanded governmentwide solutions. The Results Act was passed to require agencies to clearly define their missions, set goals, measure performance, and report on their accomplishments.

VBA is responsible for administering the Department of Veterans Affairs' (VA) nonmedical programs that provide financial and other benefits to veterans, their dependents, and survivors. These benefits include disability compensation, pensions, rehabilitation assistance, education benefits, home loan benefits, and insurance coverage. As requested by the Subcommittee, my statement will focus primarily on two VBA programs: vocational rehabilitation and counseling, and educational assistance. These programs accounted for about $1.3 billion of VBA's $20 billion fiscal year 1996 appropriation. In fiscal year 1996, VBA provided vocational rehabilitation benefits to 52,000 disabled veterans; provided educational assistance to 397,000 veterans, reservists, and service members; and provided education and training assistance to 41,000 dependents of veterans. My statement will address the progress VBA has made and challenges it faces in implementing the Results Act. The information in this statement is based on reports we have issued in the vocational rehabilitation area and a review of VBA's strategic plan.

In summary, VBA has taken an important first step in implementing the Results Act, but this process is an evolving one. To date, VBA has developed a strategic plan with a mission and goals and has begun consulting with the Congress and other stakeholders to obtain their views on its plan. For the vocational rehabilitation and educational assistance programs, VBA has identified specific goals and measures that are primarily process oriented. While these goals and measures are important, the key to successful implementation of the act is to focus on results. As it continues through the planning process, VBA needs to strive to focus its strategic plan on results, as required by the act, such as those related to the overall purpose of these programs—to assist veterans in their readjustment to civilian life after military service—and not merely on the

process used to administer the benefits, such as the timeliness and accuracy of claims processing. In addition, to help it achieve quality service, VBA needs to integrate its strategic plan with VA's overall plan and with the plans of other key federal agencies that support veterans' benefits programs, such as the Department of Defense, the Department of Education's state vocational rehabilitation and Student Financial Assistance programs, and the Department of Labor's Veterans' Employment and Training Service. Down the road, VBA will also need to ensure that it effectively measures and assesses its performance, as mandated by the act, to determine how well its programs are meeting their goals and making improvements. VBA is aware of the need to focus on results and is currently working through this process.

Background

Under the Results Act, every major federal agency must now ask itself some basic questions: What is our mission? What are our goals and how will we achieve them? How can we measure our performance? How will we use that information to make improvements? The act forces a shift in the focus of federal agencies away from such traditional concerns as staffing and activity levels and toward a single overriding issue—results. The act requires agencies to set goals, measure performance, and report on their accomplishments. VBA's vocational rehabilitation and counseling and educational assistance programs are in the process of implementing the Results Act's requirements.

Purpose and Requirements of the Results Act

The Results Act is the centerpiece of a statutory framework provided by recent legislation to bring needed improvements to federal agencies' management activities. (Other parts of the framework include the 1990 Chief Financial Officers Act, the 1995 Paperwork Reduction Act, and the 1996 Clinger-Cohen Act.) As we noted in our May 1997 testimony before this Subcommittee,[1] the Results Act is intended to help correct a number of management problems in federal programs. These include (1) lack of clear agency missions; (2) fragmentation of programs among multiple federal agencies; (3) performance measurement based on process instead of on achieving program results; (4) lack of strategies for achieving agency missions; and (5) inadequate information on program results and costs.

The Results Act was designed to focus federal agencies' attention on the results of the programs they administer—not just on program operations.

[1]Veterans' Affairs: Veterans Benefits Administration's Progress and Challenges in Implementing GPRA (GAO/T-HEHS-97-131, May 14, 1997).

Instead of focusing on the amounts of money they spend or the size of their workloads, agencies are expected to rethink their missions in terms of the results they provide, develop goals based on their results-oriented missions, develop strategies for achieving their goals, and measure actual performance against the goals. Also, the act requires agencies to consult with the Congress in developing their strategic plans. This gives the Congress the opportunity to work with agencies to ensure that their missions and goals are focused on results, consistent with the Congress' intent in establishing programs, and reasonable in light of fiscal constraints. The products of this consultation should be clearer guidance to agencies on their missions and goals and better information to help the Congress make choices among programs, consider alternative ways to achieve results, and assess how well agencies are achieving the results the Congress intended for programs.

The Results Act requires VA and other agencies to complete their strategic plans by September 30, 1997. Future actions required under the act include the following:

- Beginning in fall 1997 (for the fiscal year 1999 budget cycle), agencies will submit an annual performance plan to the Office of Management and Budget (OMB).
- Beginning with the fiscal year 1999 budget, OMB will include a governmentwide performance plan in the President's budget submission to the Congress.
- On March 31 of each year, beginning with 2000, agencies will submit annual performance reports, comparing their actual performance with their goals, to the Congress and OMB.

VA Vocational Rehabilitation and Educational Assistance Programs

The mission of the vocational rehabilitation and counseling program, as stated in VBA's strategic plan, is to provide all services and assistance necessary to enable veterans with service-connected disabilities to achieve maximum independence in daily living and, to the maximum extent feasible, to become employable and to obtain and maintain suitable employment.[2] Veterans are eligible for program services if they have a 20-percent or higher service-connected disability and they have been determined by VA to have an employment handicap.[3] The law defines an

[2]VA defines a suitable job as a position consistent with the veteran's aptitudes, abilities, and interests.

[3]Eligible veterans are assigned disability ratings ranging from 0 to 100 percent, in increments of 10 percent. The rating represents the average impairment in earning capacity resulting from service-connected injuries or a combination of injuries.

employment handicap as an impairment of a veteran's ability to prepare for, obtain, or retain employment consistent with his or her abilities, aptitudes, and interests. A veteran with a 10-percent service-connected disability also may be eligible if he or she has a serious employment handicap. The eligibility period generally extends for 12 years, beginning on the date of the veteran's discharge. A veteran found eligible for services can receive up to 48 months of benefits during the 12-year period.

The vocational rehabilitation process has five phases. In the first phase, VA receives the veteran's application, establishes eligibility, and schedules a meeting with the veteran. In phase two, a counselor determines whether the veteran has an employment handicap and, if so, the counselor and the veteran jointly develop a rehabilitation plan.[4] The veteran then moves into training or education (phase three), if needed, and on to employment services (phase four) if training or education is not needed or after it is completed. During phase four, VA and other federal and state agencies help the veteran find a job. In phase five, the veteran is classified as rehabilitated once he or she finds a suitable job and holds it for at least 60 days.

The mission of VA's educational assistance program, as stated in VBA's strategic plan, is to provide education and training opportunities to veterans and their dependents, assist the military services in recruiting new members for the All-Volunteer Force, and encourage membership in the Selected Reserve and National Guard. The vast majority of VA's beneficiaries receive assistance under the Montgomery G.I. Bill, which provides financial assistance for attendance at colleges and other higher education and training institutions. This program has two major parts:

- the Active Duty portion, which is generally for veterans who entered active duty on or after July 1, 1985, served on active duty for at least 3 years, have honorable discharges, and have high school diplomas; and
- the Selected Reserve portion, which is generally for individuals who agreed, on or after July 1, 1985, to begin a 6-year commitment (or extend an existing commitment by 6 years) to serve in a reserve or National Guard unit.

Those who are eligible for Montgomery G.I. Bill benefits have up to 10 years from the end of their active duty, or from the beginning of their eligibility as reservists, to use their benefits. In fiscal year 1996, VA had

[4]A rehabilitation plan outlines specific services to be provided to the veteran, the duration of services, and a basis for assessing progress toward the program goal.

about 383,000 Montgomery G.I. Bill beneficiaries—281,000 veterans, 16,000 service members, and 86,000 reservists. These beneficiaries accounted for about 87 percent of all VA educational assistance beneficiaries.

Potential educational assistance beneficiaries must file initial claims with VBA to establish their eligibility for benefits. Also, beneficiaries file supplemental claims to request changes in their education and training programs; for example, to change educational institutions or to extend the time period of training programs. Of the 1.2 million educational assistance claims processed by VBA in fiscal year 1996, about 167,000 (14 percent) were initial claims.

VBA's Implementation of the Results Act Is Evolving

In implementing the Results Act, VBA's planning process has been evolving. VBA first developed a strategic plan in December 1994 covering fiscal years 1996-2001. The plan laid out VBA's mission, strategic vision, and goals. For example, the vocational rehabilitation and counseling goal was to enable veterans with service-connected disabilities to become employable and to obtain and maintain suitable employment. The educational assistance goal was to help provide education and training that would aid veterans, reservists, National Guard members, and veterans' dependents in their readjustment to civilian life, and to help develop a more highly educated and productive workforce. In addition, a goal of both programs was to treat beneficiaries in a courteous, responsive, and timely manner. However, as VA's Inspector General noted, VBA's plan did not include specific program objectives and performance measures that could be used to measure VBA's progress in achieving its goals.[5]

In 1995, VBA established a new Results Act strategic planning process that included business process reengineering.[6] VBA began developing five "business line" plans corresponding with its major program areas: compensation and pension, educational assistance, loan guaranty, vocational rehabilitation and counseling, and insurance. Each business line plan supplements the overall VBA strategic plan by specifying program goals that are tied to VBA's overall goals. Also, each business line plan identifies performance measures that VBA intends to use to track its progress in meeting each plan's goals.

[5]Office of the Inspector General, Review of the Implementation of VBA's Strategic Plan and Performance Measurements, 5R1-B18-100 (Washington, D.C.: VA, Aug. 25, 1995).

[6]Business processing reengineering (BPR) is a systematic, disciplined approach for achieving dramatic, measurable performance improvements by fundamentally reexamining, rethinking, and redesigning the processes that an organization uses to carry out its mission. VBA began BPR with its compensation and pension program in October 1995.

VBA's vocational rehabilitation plan has four goals:

- Identify the level of satisfaction customers have with the services VBA provides and begin setting improvement targets.
- Increase the relative number of vocational rehabilitation program participants who successfully complete their programs.
- Ensure all employees have the skills needed for their positions in order to maintain a highly skilled, motivated, and adaptable workforce.
- Develop a management tool to identify the cost of delivering vocational rehabilitation benefits.

Three of these goals are oriented toward improving the efficiency of rehabilitating clients and improving customer satisfaction with rehabilitation services. The second goal, which addresses participants completing their plan of services, attempts to measure program outcomes.

Performance measures that VBA has identified to determine its progress in achieving the vocational rehabilitation plan's goals include

- the percentage of individuals who file claims for benefits but then fail to pursue their claims;
- the average number of days required to complete the processing of veterans' claims for vocational rehabilitation benefits and to notify the claimants;
- the percentage of veterans who are found to be entitled to rehabilitation services and then go on to develop their rehabilitation plans; and
- the percentage of veterans who become employable (complete the training phase and enter the employment services phase of their plans) and then go on to acquire and maintain suitable employment.

Similarly, the four goals for the educational assistance program are oriented toward the timeliness and accuracy of claims processing, and beneficiaries' satisfaction with VBA's services. These goals are to

- identify the level of customer satisfaction with VBA's educational services and benefits and begin setting improvement targets;
- improve payment and service accuracy and claims processing timeliness;
- implement an enhanced training program for the VBA staff responsible for administering the educational assistance program; and
- develop a management tool to identify the cost of administering the educational assistance program.

Performance measures that VBA has identified to track its progress in achieving the educational assistance plan's goals include

- the percentage of eligible veterans, service members, and reservists who are using their Montgomery G.I. Bill educational benefits;
- the percentage of the time VBA determines the correct amounts of educational assistance payments;
- the average number of days required to complete the processing of educational assistance claims; and
- the average administrative cost per program participant.

Challenges VBA Faces

As VBA continues its process of implementing the Results Act, it faces some difficult challenges. If the full intent of the act is to be achieved, VBA will need to develop a strategic plan with a clear mission, goals, and performance measures that are truly results oriented. In addition, VBA will need to integrate its strategic plan with those of other VA programs and other federal agencies to ensure quality service, since VBA is not the only agency providing veterans' benefits. Furthermore, VBA will need to effectively measure and assess its performance to fully complete the process that the Results Act mandates for improving federal programs.

Focusing on Results

VBA has identified specific goals and measures in its current strategic plan, but again, they tend to be process oriented. While these goals and measures are important, they do not reflect program results. For example, the purpose of the vocational rehabilitation and counseling program is to provide eligible service-disabled veterans with services and assistance to help them become employable and to obtain and maintain suitable employment. Given this program purpose, results-oriented goals would focus, for example, on issues such as how well the program assisted disabled veterans in overcoming their employment handicaps to obtain and maintain employment consistent with their abilities, aptitudes, and interests. VBA's current strategic plan measures veterans' progress in completing each rehabilitation phase. However, it does not provide an assessment of the program's overall effectiveness.

Similarly, one purpose of VBA's educational assistance program is to extend the benefits of a higher education to qualifying men and women who might not otherwise be able to afford such an education. A results-oriented goal would focus on issues such as whether the program

indeed provided the education that the veteran could otherwise not have obtained. VBA has not yet tackled these types of difficult questions and will need to do so in consultation with the Congress in order to develop a truly results-oriented strategic plan.

VBA is aware that it needs to focus more on its benefits programs' outcomes for veterans rather than only on the process used to administer the benefits. In its fiscal year 1998 budget submission, VBA stated that, historically, VA has engaged in little policy or program analysis of its benefits programs and that this work is needed if the intended results of the act are to be fully achieved. VBA acknowledges that additional data and research will be required, including formal program evaluations and extensive consultation with stakeholders.

Integrating Strategic Plans

As VBA continues its strategic planning, it will need to integrate its plan with those of the rest of VA and those of other federal and state agencies that support veterans' benefits programs. For example, our work has shown that

- state vocational rehabilitation agencies, the Department of Labor, and private employment agencies also help veterans find employment once they have acquired all of the skills to become employable;
- VA has contracted for quality reviews of higher education and training institutions that have already been reviewed by the Department of Education;[7] and
- VBA relies on the Department of Defense for information about veterans' military service, including their medical conditions, to help determine eligibility for vocational rehabilitation and educational assistance programs.

VBA will need to determine what impact these other entities will have on the success of VBA's performance.

Currently, VA is in the process of developing a departmentwide strategic plan and VBA is participating in this effort. In addition, VA has initiatives under way to improve its information exchange with the Department of Defense. For example, VBA plans, in coordination with the Department of Defense, to improve the dissemination of information on Montgomery G.I. Bill benefits to active duty service members who have elected to

[7]VA Student Financial Aid: Opportunity to Reduce Overlap in Approving Education and Training Programs (GAO/HEHS-96-22, Oct. 30, 1995).

participate in the program.[8] Participants would receive a letter outlining their benefits and the requirements for maintaining their eligibility. Furthermore, as we recently testified before this Subcommittee, the Department of Labor's Veterans' Employment and Training Service has developed a draft strategic plan and performance measures.[9] VBA will need to continue to coordinate with these agencies that are critical to veterans' benefits programs to ensure overall high-quality service to veterans.

Measuring and Assessing Performance

Once VBA has identified results-oriented goals, it will need to effectively measure and assess its performance. As mandated by the Results Act, federal agencies must link their performance measures to their fiscal year 1999 budget requests, which are to be submitted to OMB this fall. Agencies are also to submit their performance plans to the Congress after the President submits his fiscal year 1999 budget in early 1998. Federal agencies are expected to limit their performance measures to a few that

- best demonstrate how an agency's goals are met;
- allow agency managers to balance quality, costs, customer satisfaction, stakeholder concerns, and other matters; and
- are linked directly to the offices in each agency that are directly responsible for making programs work.

The Congress, in enacting the Results Act, recognized that measuring the results of many federal programs will be difficult and, consequently, permitted the act to be phased in over several years. Measuring results will be a challenge because the link between program operations and results can be difficult to establish. Also, a result may occur years after an agency has completed a task (for example, awarding a research grant). Nevertheless, agencies such as VBA are expected to use the performance and cost data they collect to continuously improve their operations, identify gaps between their performance and their performance goals, and develop plans for closing performance gaps. As a result, appropriate performance measures and adequate and reliable performance and cost data will be needed to effectively measure and assess VBA performance.

[8]Upon entering military service, recruits can agree to have their pay reduced by $100 per month for 1 year to establish their eligibility for Montgomery G.I. Bill benefits.

[9]"Veterans' Employment and Training Service: Focusing on Program Results to Improve Agency Performance" (GAO/T-HEHS-97-129, May 7, 1997).

Mr. Chairman, this completes my testimony this morning. I would be pleased to respond to any questions you or Members of the Subcommittee may have.

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